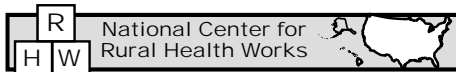
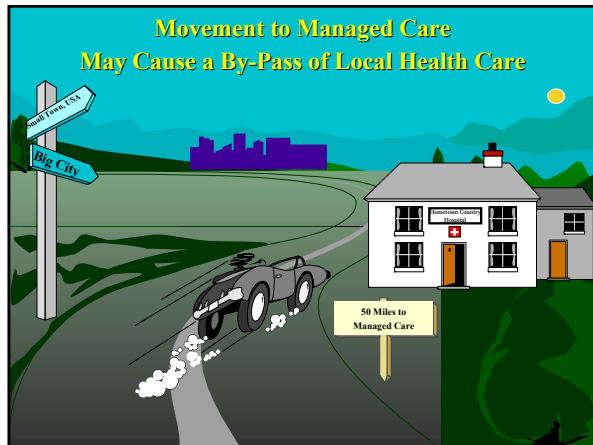


Building Vital Rural Communities: What Does Health Care Have To Do With It?

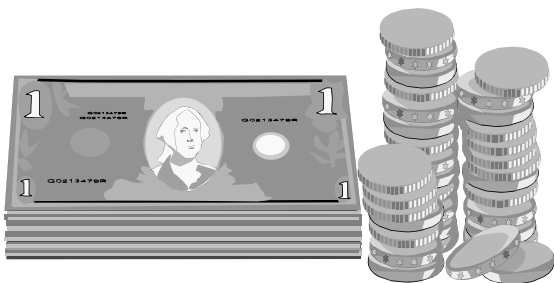
Gerald A. Doeksen
Director
National Center for Rural Health Works

Region C Annual Meeting
July 7, 2009



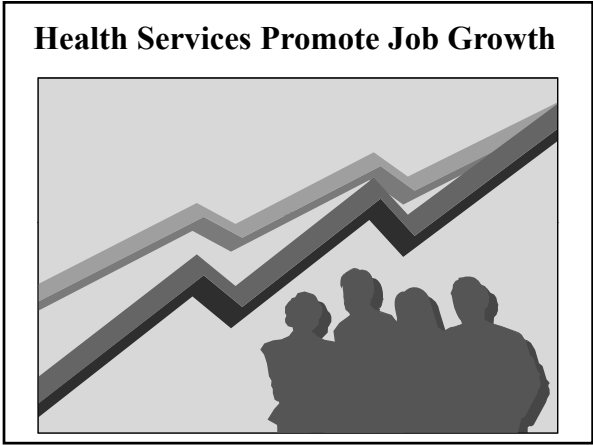


What's the Economic Potential for Health Care in Your Community?



The Health Sector is:

- I. Fast growing sector**
- II. Important for business and industrial growth strategy**
- III. Important for retirement growth strategy**



To attract business and industry, research indicates the area needs quality:

- **Health services and**
- **Education services**



To attract retirees, research indicates the area needs quality:

- Health services and
- Safety services



Measuring the Impact of Healthcare on Various Economies

IMPACT OF:

1. Health Sector on Local Economy
2. New Rural Hospital on Local Economy
3. CAH Hospitals on Community, County and State's Economy
4. Medicaid on State's Economy
5. Rural Physician's Contributions to Rural Economy
6. Summary of all Studies

The Economic Impact of the Health Sector on Local Economy

**The Economic Impact of the Health Sector
on the Economy of the Medical Service Area
of Haywood Park Community Hospital
in Brownsville, Haywood County, Tennessee**



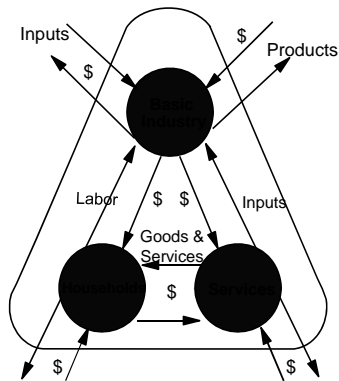
The Rural Hospital Performance Improvement Project
Mississippi Delta Project

January 2009

**Table 7
Direct Economic Activities of the Health Sector
in Haywood County, Tennessee**

Component	Estimated Employees	Estimated Payroll
Hospitals	134	\$4,905,413
Physicians, Dentists, & Other Medical Professionals	128	\$7,194,892
Pharmacies	38	\$1,861,000
Other Medical & Health Services	304	\$10,053,061
Totals	604	\$24,014,366

**Figure 2.
Overview
of County
Economic System**



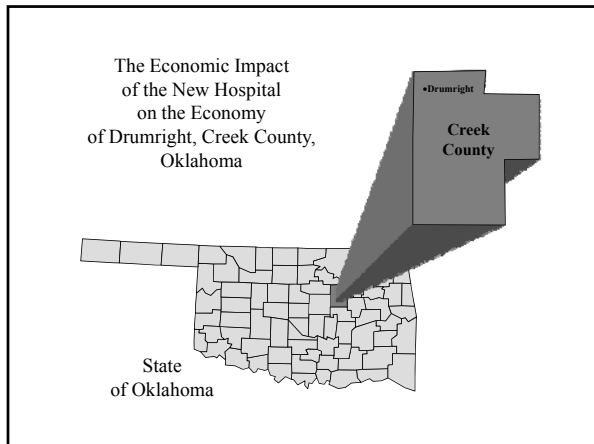
**Table 8
Employment Impact of Health Services
in Haywood County, Tennessee**

Health Sector Component	No. of Employees	Multiplier	Secondary Impact	Total Impact
Hospitals	134	1.35	47	181
Physicians, Dentists, & Other				
Medical Professionals	128	1.28	36	164
Pharmacies	38	1.26	10	48
Other Medical & Health Services	<u>304</u>	1.23	<u>70</u>	<u>374</u>
TOTALS	<u>604</u>		<u>163</u>	<u>767</u>

**Table 9
Income Impact of Health Services
in Haywood County, Tennessee**

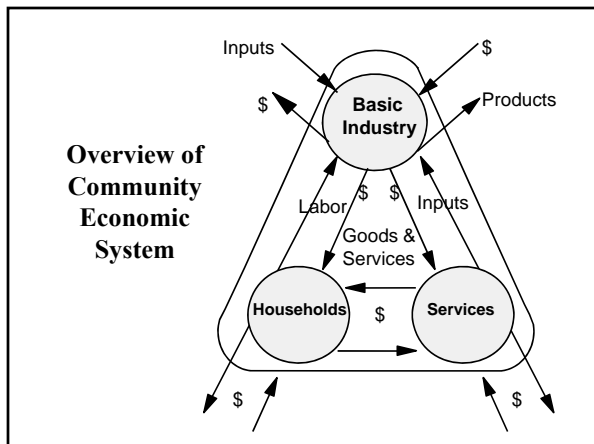
Health Service	Direct Impact	Mult.	Secondary Impact	Total Impact	Retail Sales	1% Sales Tax
Hospitals	\$4,905,413	1.21	\$1,030,137	\$5,935,550	\$1,900,739	\$19,007
Physicians, Dentists, & Other						
Medical Professionals	\$7,194,892	1.15	\$1,079,234	\$8,274,126	\$2,649,620	\$26,496
Pharmacies	\$1,861,000	1.17	\$316,370	\$2,177,370	\$697,258	\$6,973
Other Medical & Health Services	<u>\$10,053,061</u>	1.20	<u>\$2,010,612</u>	<u>\$12,063,673</u>	<u>\$3,863,145</u>	<u>\$38,631</u>
TOTALS	<u>\$24,014,366</u>		<u>\$4,436,353</u>	<u>\$28,450,719</u>	<u>\$9,110,762</u>	<u>\$91,107</u>

**The Economic Impact
of New Rural Hospital
on Local Economy**



**Selected Statistics
for New Hospital in Drumright**

	Employment	Payroll
Construction	54	\$1,979,000
Operational	32	\$1,500,000



**Total Employment , Income, and Retail Sales Impact
of the New Hospital on Drumright during Construction**

Employment

Estimated Employees		54
Construction Employment Multiplier	1.50	
Secondary Employment Impact		<u>27</u>
Total Employment Impact		<u>81</u>

Income

Estimated Payroll		\$1,979,000
Construction Income Multiplier	1.34	
Secondary Income Impact		<u>\$672,860</u>
Total Income Impact		<u>\$2,651,860</u>
Estimated Impact on Retail Sales		\$681,262
City Sales Tax Collections (4%)		\$27,250

**Total Employment and Income Impact
of the New Hospital on Drumright during Operation**

Employment

Estimated Employees		32
Hospital Employment Multiplier	1.79	
Secondary Employment Impact		<u>25</u>
Total Employment Impact		<u>57</u>

Income

Estimated Payroll		\$1,500,000
Hospital Income Multiplier	1.39	
Secondary Income Impact		<u>\$585,000</u>
Total Income Impact		<u>\$2,085,000</u>
Estimated Impact on Retail Sales		\$536,000
City Sales Tax Collections (4%)		\$21,000

SUMMARY

Hospital will have Huge Impact

Construction

Employment		54
Secondary Employment Impact		<u>27</u>
Total Employment Impact		<u>81</u>

Operation

Employment		32
Secondary Employment Impact		<u>25</u>
Total Employment Impact		<u>57</u>

**The Economic Impact
of CAH Hospitals on Community,
County and State's Economy**

Economic Impact at Community Level –
Hale Ho'ola Hamakua

Estimate the Economic Impact of CAHs
on the community

Medical Service Area of Hale Ho'ola Hamakua

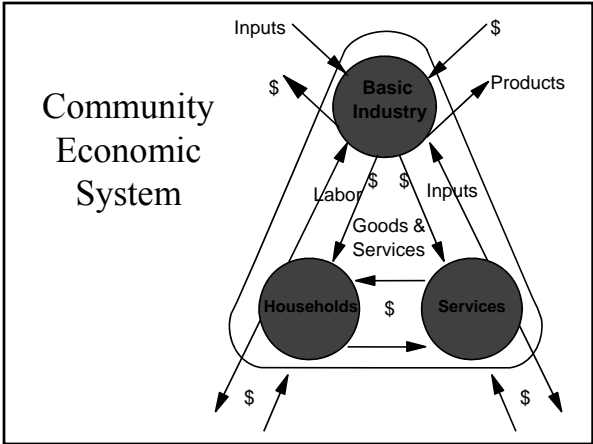


**Population by Zip Code
for the Hale Ho'ola Hāmākua Medical Service Area**

Zip Code Area	2000 Census	Populations		
		2000 ESRI	2006 ESRI	2011 ESRI
96727, Honoka'a	4,435	5021	5,707	6,391
96776, Pa'auilo	1,396	1,087	1,247	1,405
96764, Laupāhoehoe	795	1,029	1,166	1,306
96774, Ō'ōkala	187	413	488	555
Total Medical Service Area	6,813	7,550	8,608	9,657
% Increase from 2000			14.0%	27.9%
Hawai'i County	148,677			
State of Hawai'i	1,211,537			

**Direct Economic Activities
of Health Services in the Medical Service
of Hale Ho'ola Hamakua, Hawai'i County, Hawai'i**

Health Care Component	Number of Full- & Part-Time Employees	Income (Wages, Salaries, & Props' Income + Benefits)
Hale Ho'ola Hamakua	100	\$6,407,893



**Total Employment Impact
of Health Services in the Medical Service Area
of Hale Ho'ola Hamakua in Hawai'i County, Hawai'i**

Health Care Component	Number of Employees	Employment Multiplier	Secondary Employment Impact	Total Employment Impact
Hale Ho'ola Hamakua	100	1.29	29	129

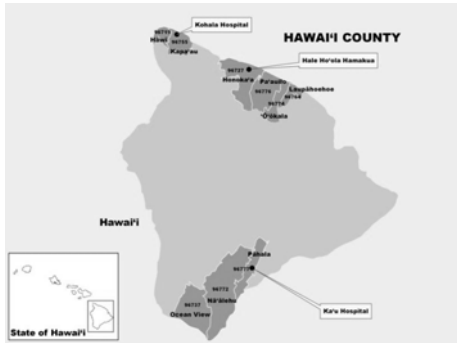
**Total Income Impact
of Health Services in the Medical Service Area
of Hale Ho'ola Hamakua in Hawai'i County, Hawai'i**

Health Care Component	Direct Income	Income Multiplier	Secondary Income Impact	Total Income Impact
Hale Ho'ola Hamakua	\$6,407,893	1.16	\$1,025,263	\$7,433,156

Economic Impact at County Level –
Three CAHs in Hawai'i County

Estimate the Economic Impact of CAHs
on a County

Three CAHs in Hawai'i County



Direct Economic Activities of Three Critical Access Hospitals in Hawai'i County, Hawai'i

Critical Access Hospital	Number of Full- & Part-Time Employees	Income (Wages, Salaries, & Props' Income + Benefits)
Hale Ho'ola		
Hamakua	100	\$6,407,893
Ka'u Hospital	60	\$4,029,874
Kohala Hospital	<u>60</u>	<u>\$5,894,948</u>
TOTALS	<u>220</u>	<u>\$16,332,715</u>

Total Employment Impact of Three Critical Access Hospitals in Hawai'i County, Hawai'i

	Number of Employees	Multiplier	Secondary Employment Impact	Total Employment Impact
Three CAHs	<u>220</u>	1.70	<u>154</u>	<u>374</u>

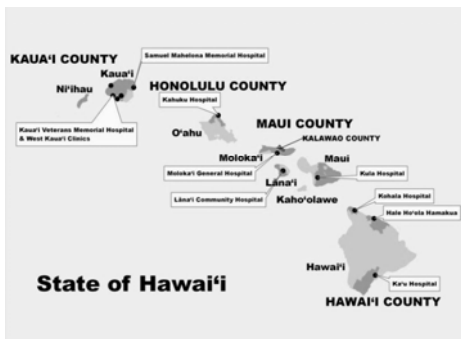
**Total Income Impact
of Three Critical Access Hospitals
in Hawai'i County, Hawai'i**

	Direct Income	Multiplier	Secondary Income Impact	Total Income Impact
Three CAHs	<u>\$16,332,715</u>	1.42	<u>\$6,859,740</u>	<u>\$23,192,455</u>

**Economic Impact at State Level –
ALL Nine CAHs on State of Hawai'i**

Estimate the Economic Impact of CAHs
on State

All Nine CAHs on State of Hawai'i



Everyone knows CAHs make a
MEDICAL CONTRIBUTION

Also, CAHs make a
HUGE ECONOMIC
IMPACT

**The Economic Impact
of the Medicaid Program on State's
Economy**

**The Economic Impact
of the Medicaid Program
on Oklahoma's Economy**

The overall objective of this report:

**To estimate the economic
impact of the Medicaid
program on Oklahoma's
economy.**

Table 4
Employment, Income, and Output Impact
from Oklahoma Medicaid Administration
on the Economy of the State of Oklahoma
FY 2006

Category	Administration	
Employment Impact		
Total Direct Employment	643	
Employment Multiplier		1.76
Secondary Impact		<u>489</u>
Total Employment Impact		<u>1,132</u>
Income Impact		
Total Direct Income	\$46,157,341	
Income Multiplier		1.44
Secondary Impact		<u>\$20,309,230</u>
Total Income Impact		<u>\$66,466,571</u>

Table 4 CONTINUED
Employment, Income, and Output Impact
from Oklahoma Medicaid Administration
on the Economy of the State of Oklahoma
FY 2006

Category	Administration Impact	
Output Impact (Total Business)		
Total Direct Expenditures	\$181,328,579	
Output Multiplier		2.29
Secondary Impact		<u>\$233,913,867</u>
Total Output Impact		<u>\$415,242,446</u>

Table 7
Employment, Income, and Output Impact
from Oklahoma Medicaid Health Services
on the Economy of the State of Oklahoma
FY 2006

Category	Medicaid Health Care Services Impact	
Employment Impact		
Total Direct Employment	49,533	
Employment Multiplier		2.23
Secondary Impact		<u>60,926</u>
Total Employment Impact		<u>110,459</u>
Income Impact		
Total Direct Income	\$1,547,086,282	
Income Multiplier		1.87
Secondary Impact		<u>\$1,345,965,065</u>
Total Income Impact		<u>\$2,893,051,347</u>

Table 7 CONTINUED
Employment, Income, and Output Impact
from Oklahoma Medicaid Health Services
on the Economy of the State of Oklahoma
FY 2006

Category	Medicaid Health Care Services Impact	
Output Impact (Total Business Spending)		
Total Direct Expenditures	\$3,086,916,992	
Output Multiplier	2.44	
Secondary Impact		<u>\$4,445,160,468</u>
Total Output Impact		<u>\$7,532,077,460</u>

Table 8
Impact of Selected Oklahoma Taxes
Generated by Oklahoma Medicaid Program

Type of Tax	Average Tax/Employee	Tax Totals
		(\$\$)
State Sales Tax		
State sales tax - Direct employees	\$1,148.26	\$57,614,894
State sales tax - Secondary employees	\$1,148.26	<u>\$70,519,776</u>
Total Impact - State Sales Taxes		\$128,134,670
State Income Tax		
State income tax - Direct employees	\$1,889.29	\$94,796,800
State income tax - Secondary employees	\$1,889.29	<u>\$116,029,878</u>
Total Impact - State Income Taxes		\$210,826,678

Table 8 CONTINUED
Impact of Selected Oklahoma Taxes
Generated by Oklahoma Medicaid Program

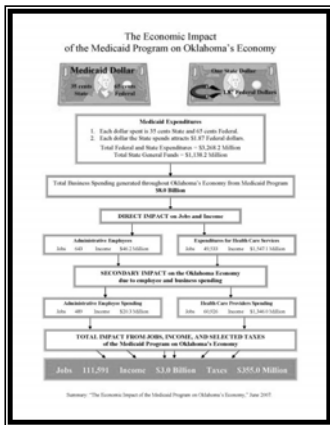
Type of Tax	Average Tax/Employee	Tax Totals
	(\$\$)	(\$\$)
Selected "Other" State Taxes ¹		
Selected "Other" state taxes - Direct employees	\$143.00	\$7,175,168
Selected "Other" state taxes - Secondary employees	\$143.00	<u>\$8,782,299</u>
Total Impact - Selected "Other" State Taxes		<u>\$15,957,467</u>
Total Impact - State Sales, State Income, & Selected "Other" State Taxes		<u>\$354,918,815</u>

Table 9
Summary of Employment, Income, Output, and Tax Impacts
from the Oklahoma Medicaid Program

Category of Impact	Direct Impact	Secondary Impact	Total Impact
EMPLOYMENT			
Administrative from OHCA and Contractual	643	489	1,132
Health Care Services	49,533	60,926	110,459
EMPLOYMENT TOTAL	50,176	61,415	111,591
INCOME			
Administrative from OHCA and Contractual	\$46,157,341	\$20,309,230	\$66,466,571
Health Care Services	\$1,547,086,282	\$1,345,965,065	\$2,893,051,347
INCOME TOTAL	\$1,593,243,623	\$1,366,274,295	\$2,959,517,918

Table 9 CONTINUED
Summary of Employment, Income, Output, and Tax Impacts
from the Oklahoma Medicaid Program, FY 2006

Category of Impact	Direct Impact	Secondary Impact	Total Impact
OUTPUT (TOTAL BUSINESS SPENDING)			
Total Medicaid Expenditures for Administration	\$181,328,579	\$233,913,867	\$415,242,446
Total Medicaid Expenditures for Health Care Services	\$3,086,916,992	\$4,445,160,468	\$7,532,077,460
OUTPUT TOTAL	\$3,268,245,571	\$4,679,074,335	\$7,947,319,906
TAXES			
State Sales Tax	\$57,614,894	\$70,519,776	\$128,134,670
State Income Tax	\$94,796,800	\$116,029,878	\$210,826,678
Selected "Other" State Taxes	\$7,175,168	\$8,782,299	\$15,957,467
STATE TAXES TOTAL	\$159,586,862	\$195,331,953	\$354,918,815



**Estimating the economic
impact of a rural physician
on local economy**

Physician Office Impacts

<hr/>	
Employment	4
Wages, Salaries and Benefits	\$287,000
Total Clinic Revenue	\$394,000
<hr/>	

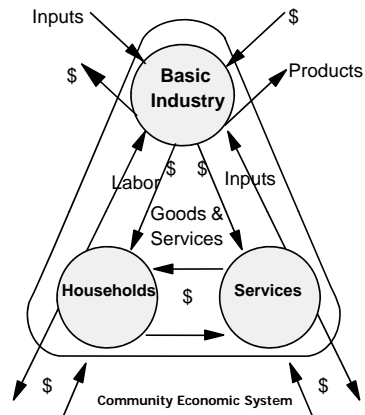
**Physician Impact on Local Hospital Inpatient &
Outpatient Visits, Employment, and Wages,
Salaries & Benefits**

<hr/>	
No. of Inpatient Visits	134
Inpatient Revenue	\$457,000
Outpatient Revenue	\$295,000
Total Hospital Revenue	\$752,000
<hr/>	
Employment	13
Wages, Salaries & Benefits	\$435,000
<hr/>	

**Summary of Physician Impact From
Clinic and Hospital Activities**

	Employment	Wages, Salaries, and Benefits	Total Revenue
Clinic	4	\$287,000	\$394,000
Hospital	<u>13</u>	<u>\$435,000</u>	<u>\$752,000</u>
Total	17	\$722,000	\$1,146,000

**Estimate
Secondary
Impacts**



Total Physician Impact

	Employment	Employment Multiplier	Total Impact
Clinic	4	1.38	6
Hospital	<u>13</u>	1.38	<u>17</u>
Total	17		23

	Wages, Salaries, and Benefits	Wages, Salaries, & Benefits Multiplier	Total Impact
Clinic	\$287,000	1.16	\$333,000
Hospital	<u>\$435,000</u>	1.28	<u>\$556,000</u>
Total	\$722,000		\$889,000

	Revenue	Output Multiplier	Total Impact
Clinic	\$394,000	1.37	\$540,000
Hospital	<u>\$752,000</u>	1.32	<u>\$993,000</u>
Total	\$1,146,000		\$1,533,000

**IN SUMMARY
ONE RURAL PHYSICIAN
GENERATES:**

23 Jobs
\$899,000 Wages, Salaries & Benefits
\$1,533,000 Total Revenue

THIS IS A HUGE IMPACT

**Model is very flexible
and can
measure any change
at local level**



**Summary of Economic Impact
Applications**

**Model can measure economic
impact at:**

- Zip Code Level
- County Level
- Regional Level
- State Level
- National Level

Summary of Economic Impact Studies

- Impact of Health Sector on State Economy
- Impact of Hospitals on a State Economy
- Impact of Medicaid on a State Economy
- Impact of a Medical School on a Community, Regional, and/or State Economy
- Impact of Telehealth on a Community, Regional, and/or State Economy
- Impact of Health Sector on Community Economy
- Impact of FQHC on a Community Economy

Types of Available Economic Impact Studies (Cont.)

- Impact of Social Services Agencies on a Community Economy
- Impact of Replacement Hospital on a Community Economy
- Impact of Rural Physician on Community Economy
- Impact of a Physician Shortage on a Community Economy
- Impact of a Specialty Physician on a Community Economy
- Impact of a Pharmacy on a Community Economy

Other Economic Tools Helpful to Rural Leaders

I. Community Health Engagement Process

II. RHW Health Service Profitability Tools

- Primary Care Physician
- OB/GYN Physician
- Pediatrician
- Emergency Medical Services (Basic, Intermediate & Advanced)
- Emergency Medical Responder Systems
- Outpatient Rehabilitation

III. RHW Health Service Profitability Tools

- Adult Day Services
- Kidney Dialysis
- Assisted Living Facilities
- Community Health Centers
- Rural Health Clinics
- Specialty Physicians

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